

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE THE BEAR STEARNS COMPANIES, INC.
SECURITIES, DERIVATIVE, AND ERISA
LITIGATION

Master File No.:
08 MDL 1963 (RWS)

This Document Relates To:
Securities Action, No. 08 Civ. 2793 (RWS)

ECF Case

BRUCE S. SHERMAN,

Plaintiff,

v.

BEAR STEARNS COMPANIES INC., JAMES CAYNE,
WARREN SPECTOR AND DELOITTE & TOUCHE
LLP,

Index No.:
09 Civ. 8161 (RWS)

Defendants.

**DECLARATION OF JESSICA S. CAREY IN SUPPORT OF DEFENDANTS'
MOTION FOR SUMMARY JUDGMENT AND MOTION TO EXCLUDE THE
REPORT AND TESTIMONY OF JOHN D. FINNERTY**

JESSICA S. CAREY declares pursuant to 28 U.S.C. § 1746:

1. I am a lawyer at Paul, Weiss, Rifkind, Wharton & Garrison LLP, counsel for defendant The Bear Stearns Companies Inc. ("Bear Stearns"). I submit this declaration in support of Defendants' Motion for Summary Judgment and Motion to Exclude the Report and Testimony of John D. Finnerty, dated August 17, 2015, in order to place before the Court documents that are referenced in the accompanying Memorandum of Law In Support of Defendants' Motion for Summary Judgment,

Memorandum of Law In Support of Defendants' Motion to Exclude the Report and Testimony of John D. Finnerty, and Statement of Material Undisputed Facts Pursuant to Local Civil Rule 56.1.

2. Exhibit 1 is a copy of excerpts from Bear Stearns's Annual Report on Form 10-K for Fiscal Year Ended November 30, 2006, filed with the SEC on February 13, 2007.

3. Exhibit 2 is a copy of the Expert Report of John D. Finnerty, Ph.D., with accompanying exhibits, dated March 2, 2015.

4. Exhibit 3 is a copy of an account statement for The Bruce & Cynthia Sherman Charitable Foundation Inc., showing realized gains and losses for the period January 1, 2008 through December 31, 2008, bearing Bates number SH00005.

5. Exhibit 4 is a copy of excerpts from the transcript of the December 16, 2014 deposition of Bruce S. Sherman.

6. Exhibit 5 is a copy of a statement of transactions for Bruce S. Sherman/PCM escrow account for the period March 1, 2008 through March 31, 2008, bearing Bates numbers SH00002-03.

7. Exhibit 6 is a copy of excerpts from Legg Mason, Inc.'s Annual Report on Form 10-K for Fiscal Year Ended March 31, 2010, filed with the SEC May 28, 2010.

8. Exhibit 7 is a copy of excerpts from Legg Mason, Inc.'s Current Report on Form 8-K, filed with the SEC on May 30, 2001.

9. Exhibit 8 is a copy of excerpts from Legg Mason, Inc.'s Purchase and Revenue Share Agreement, attached as EX-10 to its Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2001, filed with the SEC on August 10, 2001.

10. Exhibit 9 is a copy of excerpts from Legg Mason, Inc.'s Annual Report on Form 10-K for Fiscal Year Ended March 31, 2007, filed with the SEC on May 30, 2007.

11. Exhibit 10 is a copy of excerpts from Legg Mason, Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2008, filed with the SEC on February 9, 2009.

12. Exhibit 11 is a copy of excerpts from Bear Stearns's Annual Report on Form 10-K for Fiscal Year Ended November 30, 2007, filed with the SEC on January 29, 2008.

13. Exhibit 12 is a copy of excerpts from Bear Stearns's Quarterly Report on Form 10-Q for the quarterly period ended August 31, 2006, filed with the SEC on October 10, 2006.

14. Exhibit 13 is a copy of excerpts from Bear Stearns's Quarterly Report on Form 10-Q for the quarterly period ended February 28, 2007, filed with the SEC April 9, 2007.

15. Exhibit 14 is a copy of excerpts from Bear Stearns's Quarterly Report on Form 10-Q for the quarterly period ended May 31, 2007, filed with the SEC on July 10, 2007.

16. Exhibit 15 is a copy of excerpts from Bear Stearns's Quarterly Report on Form 10-Q for the quarterly period ended August 31, 2007, filed with the SEC October 10, 2007.

17. Exhibit 16 is a copy of a November 21, 2006 report by Punk Ziegel & Co.: Richard X. Bove, Punk Ziegel & Co., *Bear Stearns Upgrade Report* (Nov. 21, 2006).

18. Exhibit 17 is a copy of a May 30, 2007 report by Atlantic Equities: Joe Dickerson & Camilla Petersen, Atlantic Equities, *Bear Stearns: Expect Q2 07 Below Street on Fixed Income* (May 30, 2007).

19. Exhibit 18 is a copy of a March 20, 2006 article from Bloomberg: Bradley Keoun & Al Yoon, *Bear Stearns, Lehman Mortgage Growth Crimped by Housing Market*, Bloomberg (Mar. 20, 2006).

20. Exhibit 19 is a copy of excerpts from a September 15, 2006 report from BernsteinResearch: Brad Hintz, BernsteinResearch, *BSC Q3 2006 EPS – Saved by Hedge Fund Performance Fees* (Sept. 15, 2006).

21. Exhibit 20 is a copy of excerpts from a September 15, 2006 report by Punk Ziegel & Co.: Richard X. Bove, Punk Ziegel & Co., *Bear Stearns Update Report* (Sept. 15, 2006).

22. Exhibit 21 is a copy of excerpts from a September 14, 2006 report by CIBC World Markets: Meredith Whitney, CIBC World Markets, *Earnings Update* (Sept. 14, 2006).

23. Exhibit 22 is a copy of excerpts from a December 6, 2006 report by Buckingham Research Group: James Mitchell, Buckingham Research Group, *Research Note for December 6* (Dec. 6, 2006).

24. Exhibit 23 is a copy of an October 11, 2006 report by Punk Ziegel & Co.: Richard X. Bove, Punk Ziegel & Co., *Bear Stearns Update Report* (Oct. 11, 2006).

25. Exhibit 24 is a copy of a report by Thomson Financial: Thomson Financial, *Debt Capital Markets Review: Third Quarter 2006*.

26. Exhibit 25 is a copy of a March 16, 2007 report by Keefe, Bruyette & Woods: Lauren Smith, Keefe, Bruyette & Woods, *Equity Research: Bear Stearns Companies Inc* (Mar. 16, 2007).

27. Exhibit 26 is a copy of a December 20, 2007 report by Deutsche Bank: Mike Mayo & Matthew Fischer, Deutsche Bank, *Bear Stearns Companies Inc.: Lowering Estimates and Price Target* (Dec. 20, 2007).

28. Exhibit 27 is a copy of a February 28, 2008 report by Deutsche Bank: Mike Mayo and Matthew Fischer, Deutsche Bank, *Bear Stearns Companies Inc.: Lowering Estimates and Target* (Feb. 28, 2008).

29. Exhibit 28 is a copy of excerpts from Bear Stearns's Annual Report on Form 10-K for Fiscal Year Ended November 30, 2005, filed with the SEC on February 13, 2006.

30. Exhibit 29 is a copy of excerpts from the transcript of the May 14, 2015 deposition of John D. Finnerty, Ph.D.

31. Exhibit 30 is a copy of the SEC's Office of Inspector General, Office of Audits' Report, "SEC Oversight of Bear Stearns and Related Entities: The Consolidated Supervised Entity Program," dated September 25, 2008.

32. Exhibit 31 is a copy of a comment letter from the SEC's Division of Corporation Finance to Lehman Brothers Holdings Inc., dated August 1, 2007: Letter from Rufus Decker, Division of Corporation Finance, SEC, to Christopher M. O'Meara, Chief Financial Officer, Lehman Brothers (Aug. 1, 2007).

33. Exhibit 32 is a copy of a comment letter from the SEC's Division of Corporation Finance to Morgan Stanley, dated August 30, 2007: Letter from John Hartz, Division of Corporation Finance, SEC, to David H. Sidwell, Chief Financial Officer, Morgan Stanley (Aug. 30, 2007).

34. Exhibit 33 is a copy of a comment letter from the SEC's Division of Corporation Finance to The Goldman Sachs Group, Inc., dated September 20, 2007: Letter from Terence O'Brien, Division of Corporation Finance, SEC, to David A. Viniar, Chief Financial Officer, Goldman Sachs (Sept. 20, 2007).

35. Exhibit 34 is a copy of a comment letter from the SEC's Division of Corporation Finance to Merrill Lynch & Co., Inc., dated September 25, 2007: Letter from Rufus Decker, Division of Corporation Finance, SEC, to Jeffrey N. Edwards, Chief Financial Officer, Merrill Lynch (Sept. 25, 2007).

36. Exhibit 35 is a copy of Bear Stearns's Current Report on Form 8-K, filed with the SEC on November 15, 2007.

37. Exhibit 36 is a copy of excerpts from Bear Stearns's Current Report on Form 8-K, filed with the SEC on December 21, 2007.

38. Exhibit 37 is a copy of excerpts from the transcript of the December 19, 2014 deposition of George Simeone.

39. Exhibit 38 is a copy of excerpts from the transcript of the October 24, 2014 deposition of Thomas Marano.

40. Exhibit 39 is a copy of excerpts from the transcript of the December 9, 2014 deposition of Alan Schwartz.

41. Exhibit 40 is a copy of excerpts from the transcript of the December 4, 2014 deposition of Samuel L. Molinaro, Jr.

42. Exhibit 41 is a copy of the Expert Report of Joseph C. Schubert, dated April 16, 2015.

43. Exhibit 42 is a copy of a letter from Scott S. Bernstein to Aaron H. Crowell, dated August 23, 2011, enclosing a hard drive containing the production of work papers of Deloitte & Touche LLP.

44. Exhibit 43 is a copy of excerpts from Bear Stearns's Quarterly Report on Form 10-Q for the quarterly period ended February 29, 2008, filed with the SEC on April 14, 2008.

45. Exhibit 44 is a copy of the Expert Report of René M. Stulz, dated April 16, 2015.

46. Exhibit 45 is a copy of excerpts from the transcript of the July 24, 2014 deposition of Jeffery Verschleiser.

47. Exhibit 46 is a copy of excerpts from the transcript of the May 28, 2015 deposition of Allen Ferrell.

48. Exhibit 47 is a copy of the Daily VaR and Stress Testing Summary Report for October 2, 2007, bearing Bates numbers BEAR 02005868-73.

49. Exhibit 48 is a copy of excerpts from the October 15, 2014 deposition of Ralph Cioffi.

50. Exhibit 49 is a copy of a letter from SEC Chairman Christopher Cox to Dr. Nout Wellink, Chairman of the Basel Committee on Banking Supervision, dated March 20, 2008.

51. Exhibit 50 is a copy of excerpts from the transcript of the April 3, 2008 hearing entitled “Turmoil in U.S. Credit Markets: Examining the Recent Actions of Federal Financial Regulators,” before the United States Senate Committee on Banking, Housing, and Urban Affairs.

52. Exhibit 51 is a copy of excerpts of an August 6, 2007 report from BernsteinResearch: Brad Hintz, BernsteinResearch, *BSC: An Update on Bear Stearns* (Aug. 6, 2007).

53. Exhibit 52 is a copy of the Expert Report of Professor Allen Ferrell, dated April 16, 2015.

54. Exhibit 53 is a copy of an August 26, 2014 article from the *Wall Street Journal*: Pedro Nicolaci da Costa, *Bernanke: 2008 Meltdown Was Worse Than Great Depression*, Wall St. J., Aug. 26, 2014.

55. Exhibit 54 is a copy of Bear Stearns’s Current Report on Form 8-K, filed with the SEC on March 15, 2007.

56. Exhibit 55 is a copy of Bear Stearns’s Current Report on Form 8-K, filed with the SEC on June 14, 2007.

57. Exhibit 56 is a copy of excerpts from the transcript of the June 14, 2007 Bear Stearns Earnings Conference Call.

58. Exhibit 57 is a copy of excerpts from the transcript of the June 22, 2007 Bear Stearns Conference Call entitled, "BSC – Bear Stearns Comments on BSAM Structured Credit Strategies Funds."

59. Exhibit 58 is a copy of excerpts from the transcript of the August 3, 2007 Bear Stearns Conference Call entitled, "BSC – Bear Stearns Responds to S&P Action."

60. Exhibit 59 is a copy of Bear Stearns's Current Report on Form 8-K, filed with the SEC on September 20, 2007.

61. Exhibit 60 is a copy of excerpts from the transcript of the September 20, 2007 Bear Stearns Earnings Conference Call.

62. Exhibit 61 is a copy of excerpts from a March 16, 2007 report from BernsteinResearch: Brad Hintz, BernsteinResearch, *BSC Q1 2007 – Weakest Results Thus Far; But Subprime Fears Assuaged*, (Mar. 16, 2007).

63. Exhibit 62 is a copy of excerpts from the transcript of the November 24, 2014 deposition of Warren Spector.

64. Exhibit 63 is a copy of excerpts from an August 28, 2007 report from CIBC World Markets: Meredith Whitney, CIBC World Markets, *Cutting Rating and Earnings Outlook on Bear Stearns* (Aug. 28, 2007).

65. Exhibit 64 is a copy of a December 1, 2008 article from *The New Yorker*: John Cassidy, *Anatomy of a Meltdown – Ben Bernanke and the Financial Crisis*, The New Yorker (Dec. 1, 2008).

66. Exhibit 65 is a copy of *Mortgage Market Turmoil – Causes and Consequences: Hearing Before the United States S. Comm. on Banking, Housing, and Urban Affairs*, 110th Cong. 1 (Mar. 22, 2007) (statement of Roger T. Cole, Director, Division of Banking Supervision and Regulation, Board of Governors of the Federal Reserve System).

67. Exhibit 66 is a copy of an April 20, 2007 article from *Reuters UK: Treasury's Paulson – Subprime Woes Likely Contained*, Reuters UK (Apr. 20, 2007).

68. Exhibit 67 is a copy of excerpts from an April 2007 report by the International Monetary Fund, *Global Financial Stability Report: Market Developments and Issues*.

69. Exhibit 68 is a copy of the transcript of Federal Reserve Bank Board of Governors Chairman Ben S. Bernanke's May 17, 2007 address at the Federal Reserve Bank of Chicago's 43rd Annual Conference on Bank Structure and Competition.

70. Exhibit 69 is a copy of a June 14, 2007 article from *MarketWatch*: Greg Morcroft, *Subprime Woes Weigh on Goldman, Bear Results*, MarketWatch (June 14, 2007).

71. Exhibit 70 is a copy of a July 2, 2007 article from *Reuters*: Emily Kaiser, *Paulson Sees U.S. Housing Downturn Near End*, Reuters, July 2, 2007.

72. Exhibit 71 is a copy of a July 24, 2007 article from *Market News Service*: *US's Paulson: Subprime 'At, Near Bottom; ' Need Vigilance*, Market News Serv., July 24, 2007.

73. Exhibit 72 is a copy of excerpts from the transcript of the March 10, 2008 conference call of the Federal Open Market Committee.

74. Exhibit 73 is a copy of a March 7, 2008 report by JPMorgan Chase: Matthew Jozoff, JPMorgan, *MBS, U.S. Fixed Income Markets Weekly* (Mar. 7, 2008).

75. Exhibit 74 is a copy of a February 29, 2008 report by Fox-Pitt Kelton: David Trone & Ivy De Dianous, Fox-Pitt Kelton, *Alt-A Deterioration Prompting Additional Write-Downs* (Feb. 29, 2008).

76. Exhibit 75 is a copy of Bear Stearns's March 14, 2008 press release, entitled *Bear Stearns Agrees to Secured Loan Facility with JPMorgan Chase*.

77. Exhibit 76 is a copy of Bear Stearns's March 16, 2008 press release, entitled *JPMorgan Chase To Acquire Bear Stearns*.

78. Exhibit 77 is a copy of a letter from Antony Ryan to Whitney Street, dated August 15, 2011, enclosing a hard drive containing the production of work papers of Deloitte & Touche LLP.

79. Exhibit 78 is a copy of the Minutes of the Special Meeting of the Bear Stearns Board of Directors on March 16, 2008, bearing Bates numbers DT_WP_000389091-106.

80. Exhibit 79 is a copy of Bear Stearns's March 24, 2008 Press Release, entitled *JPMorgan Chase and Bear Stearns Announce Amended Merger Agreement and Agreement for JPMorgan Chase to Purchase 39.5% of Bear Stearns*.

81. Exhibit 80 is a copy of a speech delivered by SEC Commissioner Kathleen L. Casey on April 3, 2008 before the Sixth Annual Symposium on Building the Financial System of the 21st Century.

82. Exhibit 81 is a copy of an address by Federal Reserve Board of Governors Chairman Ben S. Bernanke on August 22, 2008 before the Federal Reserve Bank of Kansas City's Annual Economic Symposium.

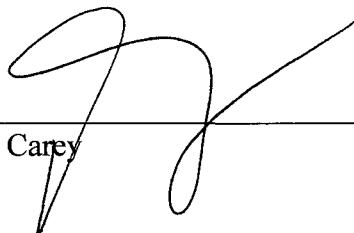
83. Exhibit 82 is a copy of a 1990 UCLA Law Review article by Bradford Cornell and R. Gregory Morgan entitled *Using Finance Theory to Measure Damages in Fraud on the Market Cases*, 37 UCLA L. Rev. 883 (1990).

84. Exhibit 83 is a copy of plaintiffs' Notice of Issuance of Subpoena for Production of Documents to Non-Party JPMorgan Chase & Co., dated December 10, 2014.

I declare under penalty of perjury that the foregoing is true and correct.

Executed at New York, New York
August 17, 2015

Jessica S. Carey

A handwritten signature in black ink, appearing to read "JESSICA S. CAREY", is written over a horizontal line. The signature is fluid and cursive, with a large, stylized 'J' at the beginning.